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ITALY

Market Situation and Opportunities

Italy: a \$1 Billion U.S. Market and Growing! 1998

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Report Highlights:

Italy, the 5th largest industrial economy in the world, presents a challenging and dynamic market for U.S. agricultural exports. Last year Italy imported over \$1 billion in agricultural products directly from the United States plus an estimated \$400 million of U.S. products were imported through neighboring European Union member countries.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Italy[IT], IT

ITALY - A \$1 BILLION U.S. MARKET AND GROWING!

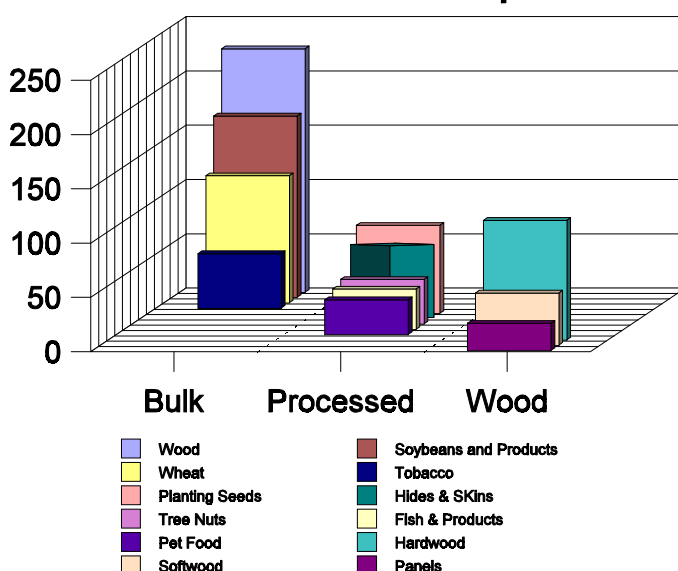


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OUTLOOK: U.S. exports and market share will rapidly increase as borders become more open, the Italian consumer becomes more aware of the high quality of U.S. agricultural products, and the value of the dollar continues to fall against the Italian lira. This is especially true for consumer ready products, while bulk and

intermediate commodities should hold their own with greater acceptance of genetically modified products, and with the continuation of the strong demand from the livestock, wood products, and leather industries.

Over \$1 Billion in Exports!



MAJOR IMPORTER: Italy is the 5th largest European market for U.S. agricultural products and the 14th largest world market. Established U.S. trade with Italy includes exports of: soybeans and soybean meal, wheat, planting seeds, hides and skins, and tree nuts. In addition, Italy is the largest European market for U.S. wood products. The consumer ready product sector is also growing rapidly. In 1997, the United States exported \$207 million dollars in

high-value agricultural products (including seafood, vegetable oils and pet food) to Italy.

DEMAND FOR WESTERN TYPE FOODS: With 56 million savvy consumers to feed, the Italian agricultural sector has a tradition of providing high quality, healthy food. However, Italy must rely upon imports to meet food demand. Italy is also the 4th most visited country in the world, hosting over 35 million tourists every year. An additional 20 million are expected for the Catholic Jubilee in the year 2000. This demand, coupled with an already high per capita expendable income (1997 per capita GSP was \$20,353), plus an accelerating social approval for eating non-traditional Italian foods means a growing import demand for the type of high quality, varied products the U.S. provides at competitive prices.

GROWING ECONOMY: Italy's government has made significant strides in cutting budget deficits and reducing public spending. These measures allowed Italy to join the European Monetary Union (EMU) in the first round which will benefit U.S. products exported to multiple European countries. Traders estimate that over \$200 million of U.S. high value products already enter Italy from neighboring EU countries. Italy, already a net food importer, can be expected to increase imports even more as financial and trade barriers continue to fall and the population's economic well being increases.

